

Introduced: 4/13/71
Referred: Health, Welfare &
Education and Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 HOUSE BILL NO. ~~125~~

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for career and higher education
7 scholarship loans; and providing for an effective
8 date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 14.40.750 - 14.40.849 and 14.40.900 and 14.40.910 are
11 repealed.

12 * Sec. 2. AS 14.40 is amended by adding new sections to read:

13 ARTICLE 9. SCHOLARSHIP [GRANTS AND] LOANS.

14 Sec. 14.40.751. LOAN FUND CREATED. There is created a scholar-
15 ship revolving loan fund as an account in the general fund. The fund
16 shall be used to make scholarship loans to students selected under
17 secs. 751 - 841 of this chapter.

18 Sec. 14.40.761. LIMITS ON LOANS. (a) Each scholarship loan
19 made to a student may not exceed \$2,500 in any school year and shall
20 bear interest not to exceed five per cent a year commencing with the
21 termination of his studies.

22 (b) Scholarship loans may not be made to a student for more than
23 six academic years.

24 Sec. 14.40.771. RENEWAL PREFERENCE. A student who has been
25 granted a scholarship loan and is in good standing with the vocational-
26 technical institution, college or university he is attending shall
27 have the right to renew his scholarship loan the following academic
28 year before any new commitment is made to a student who did not have a
29 loan the prior academic year. The Department of Education shall set a

1 date each year when all applications for renewals must be made in order
2 to have renewal preferences under this section.

3 Sec. 14.40.781. CONDITIONS OF LOANS. (a) Proceeds from scholar-
4 ship loans may only be used for books, tuition and required fees, and
5 for room and board.

6 (b) The loans may only be used to attend a vocational-technical in-
7 stitution or career education program approved by the Department of Edu-
8 cation or a college or university accredited by the accreditation associ-
9 ation for the region in which the college or university is located.

10 (c) To maintain a loan the student must continue to be enrolled
11 as a full-time student in good standing at a vocational-technical
12 institution, college or university designated under (b) of this section.

13 (d) Loans shall be noninterest bearing while a student is
14 enrolled under (c) of this section.

15 (e) Repayment of a loan shall commence within one year after a
16 student terminates his studies and shall be fully repaid within a
17 period of five years; in cases of hardship, the department may extend
18 repayment of a loan for an additional two years.

19 (f) Security may not be required for the loans; however, provi-
20 sion shall be made for payment of attorney fees and costs of
21 court if either or both are incurred in collection of the amount owed
on the loan.

24 (g) If a loan is in default, the Department of Education may
25 notify the student that repayment of the remaining balance is acceler-
26 ated and due by sending the student a notice by registered or certified
mail.

27 Sec. 14.40.791. ELIGIBILITY OF STUDENTS. A student may apply
28 for a scholarship loan if

29 (1) he is a resident of Alaska, and if

1 (2) he is either

2 (A) enrolled as a full-time student in a career educa-
3 tion or associate or baccalaureate degree program; or

4 (B) a graduate of a high school, or scheduled for
5 graduation from a high school within six months, with sufficient
6 credits to be admitted to a career education program or to an
7 accredited Alaskan college or university.

8 Sec. 14.40.801. SELECTION CRITERIA. In selecting from among the
9 eligible students those students who will be awarded scholarship loans
10 the Department of Education shall take into consideration the following
11 items:

12 (1) priority shall be given to entering freshmen who are
13 graduates of Alaska high schools or who are graduates of a high school
14 outside the state if their Alaskan residency has been continuous;

15 (2) the student's standardized test scores;

16 (3) the student's prior academic record;

17 (4) personal recommendation from the student's school;

18 (5) other items as may be determined by the Department of
19 Education.

20 Sec. 14.40.811. DISCRIMINATION PROHIBITED. The scholarship loan
21 program shall be carried out without regard to the race, creed, sex,
22 color, ancestry, national origin, or membership in fraternal or
23 political organizations of the student applying for the loan.

24 Sec. 14.40.821. ADMINISTERING AUTHORITY. The scholarship loan
25 program shall be administered by the Department of Education. The
26 department may adopt regulations for carrying out the intent and
27 purposes of secs. 751 - 841 of this chapter.

28 Sec. 14.40.831. ENFORCEABILITY OF CERTAIN CONTRACTS WITH MINORS.
29 A written obligation entered into by a minor at least 16 years of age,

1 evidencing a loan or other assistance received by him from any person
2 for the purpose of furthering his education at a vocational-technical
3 institution or an institution of higher learning, is enforceable
4 against the minor with the same effect as if he were, at the time of
5 its execution, 19 years of age, if the person making the loan has in
6 his records before making the loan a certification from the institution
7 that the minor is enrolled in the institution or has been accepted for
8 enrollment.

9 Sec. 14.40.841. DEFINITIONS. In secs. 751 - 831 of this chapter

10 (1) "academic year" means the period from September 1 of
11 one year through August 31 of the following year;

12 (2) "career education" means a course or program in
13 vocational-technical training or education approved by the Department
14 of Education;

15 (3) "full-time student" means a student who is enrolled
16 and is in regular attendance at classes for at least 12 semester hours
17 of credit during the semester;

18 (4) "loan" means a scholarship loan granted under secs. 751 -
19 841 of this chapter.

20 (5) "resident" means a person domiciled in Alaska who has
21 resided in Alaska for at least two years before making an application
22 for a student loan;

23 * Sec. 3. This Act takes effect on July 1, 1971 or on the date the
24 Alaska Higher Education Commission is enjoined from making payments under
25 the provisions of AS 14.40.900, whichever date is earlier.
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